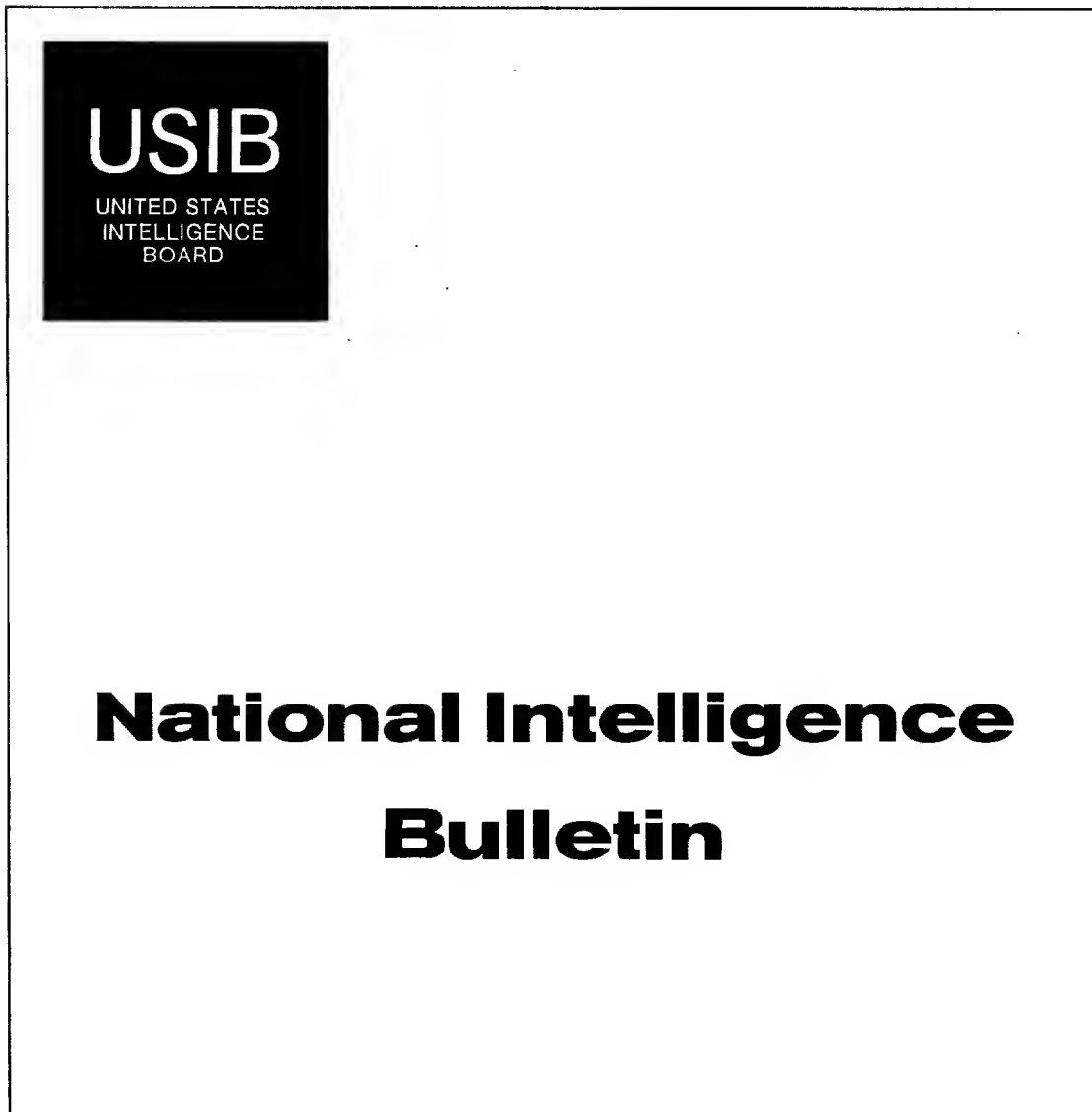


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Top Secret

16 September 1974

25X1

Nº 639

State Dept. review completed

Page Denied

National Intelligence Bulletin

September 16, 1974

CONTENTS

USSR-EGYPT: Possible summit between General Secretary Brezhnev and President Sadat. (Page 1)

JAPAN - SOUTH KOREA: Showdown averted. (Page 2)

25X1

TURKEY: Coalition in trouble again. (Page 6)

SOUTH YEMEN - WEST GERMANY: Aden and Bonn reportedly ready to establish relations. (Page 7)

NORTH VIETNAM: Government concerned over shortage of building materials. (Page 8)

USSR: Kama truck plant not likely to begin production for at least two years. (Page 9)

25X1

National Intelligence Bulletin

September 16, 1974

USSR-EGYPT

The Soviet Union is apparently ready for a summit meeting between General Secretary Brezhnev and Egyptian President Sadat, but significant differences between the two countries must be resolved before it can take place.

Sadat insists that Brezhnev come to Cairo, but Brezhnev seems unwilling. Another issue that may exacerbate Soviet-Egyptian relations before any possible summit is Sadat's new emphasis on increasing Egypt's influence in South Yemen and in the Gulf region at Moscow's expense. The resolution of these problems will undoubtedly be high on the agenda during Egyptian Foreign Minister Fahmi's trip to Moscow in mid-October.

Moscow may feel under some pressure to resolve the difficulties holding up the meeting.

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25X1

National Intelligence Bulletin September 16, 1974

JAPAN - SOUTH KOREA

Both Seoul and Tokyo over the weekend avoided a showdown that threatens relations between the two countries. The government radio in Seoul yesterday announced that progress had been made toward settling the dispute and that US mediation had helped greatly.

The South Koreans have agreed to accept a letter from Prime Minister Tanaka which expresses regret over last month's assassination in Seoul, if Tokyo will provide additional assurances of its promise in the letter to curb anti-Pak plotting in Japan. The Japanese have agreed to do so.

While tensions have eased, the form and content of the assurances may be difficult to negotiate. Seoul is still pressing for an explicit Japanese commitment to crack down on Chosen Soren, the pro-Pyongyang association of Korean residents in Japan, which Seoul holds responsible for the death of President Pak Chong-hui's wife. Tokyo may find it hard to come up with a clear-cut pledge without violating Japanese laws which protect organizations such as Chosen Soren.

The dispute seems likely to drag on for some time. Seoul may put up obstacles preventing resolution of the difficulties until after Prime Minister Tanaka visits the US on September 21, hoping that the visit will provide an occasion to bring pressure to bear on the Japanese by further involving the US in the matter.

25X1

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Next 2 Page(s) In Document Denied

National Intelligence BulletinSeptember 16, 1974

TURKEY

The rift in Turkey's governing coalition deepened over the weekend as National Salvation Party leader Erbakan, head of the junior party in the coalition, directly challenged Prime Minister Ecevit. Ecevit, who has been finding the Salvationists increasingly troublesome partners, will decide today whether or not he will resign.

Erbakan and seven other Salvation cabinet ministers refused to sign a decree authorizing Ecevit to make a trip this week to Scandinavia as the official representative of the Turkish government. Erbakan said Ecevit could travel as a representative of his Republican People's Party, or as a "resigned prime minister." Erbakan, who is deputy prime minister, is miffed because Ecevit appointed a member of his own party instead of designating him to act as prime minister during his absence.

Ecevit's difficulties with his right-wing partner go back to last May, when 20 Salvationists broke party ranks to vote against the government on a crucial bill. Ecevit has been further annoyed by Erbakan's political maneuvering and unhelpful statements on Cyprus, and has been avoiding public appearances with him. There was some speculation that the Prime Minister might resign and form a new coalition with the right-wing Democratic Party, but an official of that party told the US embassy last week that the ideological differences between the two parties were too great. The Prime Minister hinted in a speech yesterday that if he resigned he might try to form a minority government.

A government crisis now would be ill-timed, coinciding as it does with the sensitive negotiations going on in Cyprus. Even if the government does not collapse, the functioning of the cabinet as a unit has been seriously impaired as a result of the rift between Ecevit and Erbakan.

National Intelligence Bulletin September 16, 1974

SOUTH YEMEN - WEST GERMANY

South Yemen reportedly plans to announce the establishment of relations with West Germany early this week.

Talks, initiated in May, became deadlocked after South Yemen insisted that the West Germans give a firm commitment on aid before relations were formalized. Bonn has now apparently agreed to Aden's requests, and a West German trade delegation will arrive there shortly after diplomatic relations are established. West Germany has already agreed in principle to finance several South Yemeni hospital and road construction projects and to assist in the expansion of airport facilities.

The decision to establish relations with Bonn is in line with Aden's efforts to broaden its political ties with potential aid donors in the West and the Persian Gulf states. Severe economic problems and the general change in the political climate of the Arab world resulting from the Arab-Israeli war have caused South Yemen to re-examine its foreign policies and seek to end its isolation.

National Intelligence BulletinSeptember 16, 1974

NORTH VIETNAM

The North Vietnamese government clearly is concerned that a shortage of construction materials is hampering its postwar reconstruction program. Radio Hanoi, quoting the party daily newspaper Nhan Dan, says the situation is so serious that civilian construction projects must reduce the use of steel and cement by at least 50 percent.

The broadcast blamed the problem on theft, hoarding, mismanagement, breakage, black market speculation, and poor quality. The radio cited a directive recently issued by Premier Pham Van Dong calling for remedial action, and promised punishment to individuals or collectives that caused further losses.

This is another indication that Hanoi is becoming more realistic about the problems that lie ahead in reconstruction. At least in the area of construction material shortages, there are likely to be no easy remedies.

National Intelligence BulletinSeptember 16, 1974

USSR

Moscow is pressing to bring the Kama truck plant--now seriously behind schedule--into production by 1976. Earlier this month, the Communist Party Central Committee and the USSR Council of Ministers issued decrees aimed at speeding up construction of both the truck plant and a large network of parts plants. High-level party and government officials have conferred with local officials to implement the decrees.

The urgent tone of the decrees indicates Moscow's concern that the Kama project will extend far into the next plan period, possibly jeopardizing other projects. The plant represents a huge capital investment of about \$3.3 billion. Moreover, diesel trucks are badly needed for hauling agricultural crops and industrial goods.

The Kama project, originally scheduled to build its first trucks by the end of 1974, probably will not begin production before 1977. Full output of 150,000 trucks a year is not likely before 1979.

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